GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1582
ANSWERED ON:11.12.2003
RESERVE FUNDS SPENT BY PSUs ON PETROL PUMPS
UMMAREDDY VENKATESWARLU

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether PSU oil companies have spent their reserve funds and profits on wasteful expenditure to install costly gadgets and publicity devices at all petrol pumps;

(b) if so, the details thereof and the amount spent on these petrol pumps;

(c) whether this kind of upgradation was essential at Petrol Pumps by the PSU oil companies;

(d) if so, whether the Government propose to enquire the ulterior motives of indulging in such wasteful expenditure; and

(e) if so, the steps proposed to stop such expenditure by oil companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS(SHRIMATI SUMITRA MAHAJAN)

(a) to (c) : In order to meet the challenges of Free Market Economy, Oil Marketing Companies (OMCs) have embarked upon modernization of Retail Outlets to international standards to face the competition. Under the modernization programme, Retail Outlets are being provided with upgraded facilities for customer benefits such as Canopy, Multi Product Pumps, Digital Air Inflators, Pre Mix Pumps for dispensing Lube blended fuel etc. This is an ongoing process required to maintain the market leadership in the competitive scenario. The modernization of Retail Outlets is carried out taking into account the Return on Investment based on commercial considerations and sales potential to cater to the growing customer needs and requirement of location. The approximate cost of modernization is Rs. 20-25 lacs per Retail Outlet of Indian Oil Corporation Limited.

(d) to (e) : The essential expenditure is incurred taking into account Return of Investment based on commercial consideration and sales potential and such initiatives are vital for the success of overall marketing strategies to face deregulation scenario. Hence, the enquiry of ulterior motives of indulging in such wasteful expenditure does not arise.